

**Date:** October 16, 2012  
**To:** Thomas J. Bonfield, City Manager  
**Through:** Keith Chadwell, Deputy City Manager  
**From:** Donald F. Greeley, Director, Water Management  
Martha Zeigler, Utility Finance Manager

**Subject:** Proposed Updates to Fee Schedule for Hydrant Meter Deposits and Rental Rates

### **Executive Summary**

The City has procedures and policies regarding the usage and metering of fire hydrants for bulk purchase of water by any person(s), firm, or corporation as authorized under Sections 70-23 and 70-49 of the City Code of Ordinances. The City places a meter and appropriate backflow prevention device on the fire hydrant for customer use. The current policy and fees were established in the late 1990s and are outdated. The department has revised the Fire Hydrant Meter Policy to modify the permanent meter status to comply with nondiscrimination requirements and to offer lower overall rates for longer-term rental periods, and to add such rate and deposit amounts to the fee schedule. The proposed fee schedule is reflective of the City's current cost of service.

### **Recommendation**

The department recommends that the City Council adopt an ordinance adding Chapter 15, Part 15-120 (Hydrant Meter Deposits and Rental Rates) to the City's Fee Schedule with an effective date of January 1, 2013.

### **Background**

The City established procedures and policies regarding the usage and metering of fire hydrants for bulk purchase of water by any person(s), firm, or corporation as authorized under Sections 70-23 and 70-49 of the City Code of Ordinances. Section 70-23 provides that the City shall establish policies regarding use of fire hydrants by persons desiring to use water from hydrants for construction or other purposes. Under Section 70-23, the City shall require a deposit for the temporary use of water from fire hydrants. The City places a meter and appropriate backflow prevention device on the fire hydrant for customer use. Departmental meter staff read the meters on a set monthly cycle or at the end of the usage period, whichever comes first.

As part of the systematic review of existing departmental policies, the hydrant use policy was identified for revision. The current policy and fees were established in the late 1990s and are outdated. The policy needs to be updated to reflect current practices and to conform to state requirements.

### **Issues/Analysis**

The most significant change is the modification of permanent meter status to conform to nondiscrimination requirements and to put it on a comparative basis with a permanent fixed-

location meter. In addition, semi-annual and annual rental periods were developed to provide more economical rates for long-term hydrant meter usage.

The City has a policy of charging customers to recover costs. Staff has analyzed the cost of time and materials for such procedures. Good business practices include periodic review of fees to assure adequate cost recovery.

The Department recommends that the City Council adopt an ordinance adding Chapter 15, Part 15-120 (Hydrant Meter Deposits and Rental Rates) to the City's Fee Schedule, with an effective date of January 1, 2013, as follows.

**Deposits for Hydrant Meters:**

Size of Meter	Deposit Amount
5/8"	\$ 300
3"	\$1,500

**Rental Rates for Hydrant Meters**

	Amount
Daily Hydrant Meter Rental Rate	\$ 20
Weekly Hydrant Meter Rental Rate	\$ 100
Monthly Hydrant Meter Rental Rate	\$ 300
Semi-Annual Meter Hydrant Rental Rate	\$1,300
Annual Hydrant Meter Rental Rate	\$2,500

The Department also recommends the previous fee schedule Part 13B-102 (Deposit for use of fire hydrants) be deleted.

**Alternatives**

Make no changes to current policy and fees – This would allow customers to continue to avoid rental charges under the "permanent" status. The City Attorney's Office opinion is this could result in legal challenges to the City. Additionally, semi-annual and annual rates would not be in place for the benefit of our customers.

**Financial Impacts**

The proposed fee schedule is reflective of the City's current cost of service. The City has a policy of charging customers to recover costs. Staff has analyzed the cost of time and materials for such procedures. Good business practices include periodic review of fees to assure adequate cost recovery.

Staff estimates the change in status and rates will result in \$8,000 additional revenues annually if customers previously on the "permanent" status elect annual rental.

**SDBE Summary:**

The Ordinance to Promote Equal Opportunity in City Contracting does not apply to this item.

**Attachments**

Ordinance adding Chapter 15, Part 15-120

Revised Fire Hydrant Metering Policy